

AMENDMENT NO. 1

To

USAID STRATEGIC OBJECTIVE GRANT AGREEMENT NO. 278-009

BETWEEN THE

UNITED STATES OF AMERICA

AND

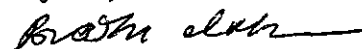
THE HASHEMITE KINGDOM OF JORDAN

FOR THE

IMPROVED SOCIAL SECTOR DEVELOPMENT AND GOVERNANCE

STRATEGIC OBJECTIVE

Certified Conformed Copy
of agreement signed on
July 20, 2005



Brooke Isham
Director
Office of Program Management

DATED: 20 JUL 2005

APPN:
BPC:
RCN:

FUNDS AVAILABLE FOR	
ADM. RES. <input type="checkbox"/>	OBLIGATION <input checked="" type="checkbox"/>
EM. RES./EM. <input type="checkbox"/>	COMM. RES/COMM. <input type="checkbox"/>
ACTION TAKEN BY <i>162</i> DATE <i>7/20/05</i>	
APPROPRIATION: <i>725/61032</i>	
BPC: <i>MESS-05-23278-KG13</i>	
RCN/ECN: <i>A050202</i>	

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AMENDMENT No. 1
TO
STRATEGIC OBJECTIVE GRANT AGREEMENT

BETWEEN The Hashemite Kingdom of Jordan (Grantee or GOJ) acting through the Ministry of Planning and International Cooperation, and the United States of America, acting through the United States Agency for International Development (USAID).

WHEREAS, on June 2, 2004, the Grantee and USAID (Parties) entered into a Grant Agreement for the Improved Social Sector Development and Governance Strategic Objective (Agreement) whereby USAID granted to the Grantee Thirty Million Three Hundred Fifty Thousand United States (U.S.) Dollars (U.S.\$30,350,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, the Parties now wish to amend the Agreement to, among other things, provide additional USAID grant funding of Sixty Million Two Hundred Fifty Nine Thousand Three Hundred Sixty Eight U.S. Dollars (U.S.\$60,259,368) to finance foreign exchange and local currency costs of achieving the Strategic Objective;

NOW THEREFORE, the Parties hereby agree to further amend the Agreement as follows:

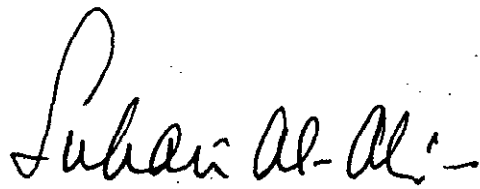
1. **Article 3: Contributions of the Parties, Section 3.1. USAID Contribution, Subsection (a) The Grant,** is amended by deleting the amount of "Thirty Million Three Hundred Fifty Thousand United States (U.S.) Dollars (U.S.\$30,350,000)" and replacing it with "Ninety Million Six Hundred Nine Thousand Three Hundred Sixty Eight United States Dollars (U.S.\$90,609,368)".
2. Annex 1 to the Agreement is deleted and hereby replaced in its entirety with the revised Annex 1 attached hereto.
3. Except as amended herein, the Agreement, as amended, remains in full force and effect.

IN WITNESS WHEREOF, the Parties, each acting through their duly authorized representative(s), have caused this Amendment to be signed in their names and delivered as of the day and year first above written.

THE HASHEMITE KINGDOM OF JORDAN

THE UNITED STATES OF AMERICA

BY:



H.E. Ms. Suhair Al-Ali
Minister of Planning and International
Cooperation

BY:



David Hale
Charge d'Affaires

BY:



Anne Aarnes
Mission Director

IMPROVED SOCIAL SECTOR DEVELOPMENT AND GOVERNANCE

STRATEGIC OBJECTIVE

AMPLIFIED PROGRAM DESCRIPTION

I. Introduction:

This Annex describes the activities to be undertaken and the results to be achieved with the funds obligated under this Agreement for three distinct sectors: health/population, education and governance. Each sector has a separate Intermediate Result which is designed to function as a proxy Strategic Objective.

II. Background:

This Section of the Annex provides a brief background description of three sectors: health/population, education, and governance in Jordan.

Jordan has one of the fastest growing populations in the world. Between the two censuses in 1979 and 1994, the population grew from 2.1 to 5.1 million people, an average increase of 2.7 percent annually. At this rate, the population of Jordan will double in 25 years. The Government of Jordan (GOJ) has recognized that this is a prospect it can ill afford, given Jordan's natural resource base, current and envisioned potential.

Accordingly, Jordan's focus has been on developing its human potential, essentially by advancing the well-being of its citizens. While overall health conditions in Jordan -- low infant mortality rates and high life expectancy -- are among the best in the region, the population growth rate continues to be a major development constraint for Jordan -- especially when analyzed in light of the quantity and quality of services to be provided to accommodate this rapid increase in population. The landmark passage of the National Population Strategy (NPS) in March 1996 and the passage of the Reproductive Health Action Plan, a sub-strategy of the NPS, in April 2004 made clear that Jordan was serious about family planning and recognized that a population growth rate of 3.7 was a major constraint to Jordan's development prospects. One of the principal elements of the Strategy is the reinforcement of the "right of families to produce an appropriate number of children and to have access to information and family planning methods in order to make their decisions freely, albeit in line with religious and cultural values."

The Total Fertility Rate (TFR) has declined from 5.6 children in 1990 to 3.7 in 2002, resulting in a decrease of two births per woman over the last 12 years, and nearly one

birth per women since 1997. Seventy percent of the decline in fertility resulted from changes in marital fertility, while 30 percent resulted from a delayed age of marriage. The rate of increase in the modern CPR seems to be slowing down in the last five years. However, the continuing decline in fertility rates from 5.6 in 1990 to 3.7 in 2002, and the decline in the rate of natural increase from 2.6 in 1990 to 2.3 in 2001 are encouraging. The seeming contradiction between the slowing of CPR annual increases and the continuing decline in the total fertility rate is likely the result of further counseling and expanded availability, resulting in more effective use of contraceptives. The later age of marriage is also a factor.

The 2002 DHS survey showed that fertility rates had dropped to 3.7 births and the unmet need for family planning had dropped to 11%. Nonetheless, the DHS findings also showed that 44% of married women do not want to have any more children, and 31% want to delay having another child for at least two years. In addition, 28% of Jordanian women reported discontinuation of contraceptives within one year of their use due to method failure, the desire to become pregnant again, or other reasons; while, 15% discontinue to switch to other more effective methods. These figures thus suggest that there yet remains much to be done to control the rapid population growth rate.

Considerable efforts have been exerted on improving Jordan's educational and health standards, thereby helping strengthen its economy – through a skilled and healthy labor force – and ultimately improving the quality of life for all Jordanians. These efforts have resulted in a highly educated population with a literacy rate of 89%. The structure of the educational system in Jordan consists of a two-year cycle of pre-school education, ten years of compulsory basic education, and two years of secondary academic or vocational education upon which the students sit for a General Certificate of Secondary Education Exam -- Tawjihi. Overall basic and secondary school gross enrollment are relatively high, with primary school enrollment reaching 90%, and secondary school enrollments reaching 72%.

However, many challenges still face the education sector in Jordan. Among those are quality of education, quality of teachers, lack of incentives for teachers, uneven distribution of teachers to student's ratio, outdated teaching methodologies and technology. The Ministry of Education began reforming the educational sector in the early 1990s. This process was then accelerated when His Majesty King Abdullah, in early 2001, called for the "remodeling" of the education system as a critical step towards the preparation of the necessary human resources that will be necessary to realizing Jordan's vision of becoming the regional IT hub and entry into the global economy. The goal of the education system reform is to create and administer an educational system based on excellence, dedicated to high standards and contributing to the nation's wealth

in a global "Knowledge Economy." The reform will target all sectors of basic education, vocational training and non-formal education, as well as teachers, students, managers

and educational institutions. Issues of structure of education, e-learning and computerization, examinations and evaluation, certification and training of teachers, curriculum and educational materials development, early childhood development, administration and organization, and financial administration are the main aspects of the reform process. Thus, anticipated results in the education sector include an improved curriculum, better trained teachers, and a standards and accreditation system that would ensure high quality, consistent, and competitive educational opportunities for Jordan's children.

Addressing Jordan's challenges, especially as related to the education and governance sectors, requires increased civic participation in decision-making and policy reform processes to ensure government responsiveness to the needs of the citizens. In the governance sector, two areas will be addressed: (1) rule of law; and (2) legislative strengthening. Under rule of law, USAID will assist with the universal training for judges in technical legal fields to improve adjudications; automation of courts, including computerized case management and improved court administration; and a revamped judicial training institute, to include new coursework and new teaching methodologies. Under legislative strengthening, USAID will work to improve research capacity and encourage the greater use of IT in the legislative process. Activities will also be implemented that promote stronger linkages between the legislature and civil society, media, and women's groups to promote a greater understanding of key technical issues. Anticipated results include better trained Members of Parliament and key legislative staff, stronger institutional capacity of the Parliament, enhanced engagement of key non-governmental organizations to engage in the policy-making process, and strengthened capacity of the press to responsible report on issues of parliamentary process and technical issues. Anticipated results also include the creation of a network of anti-corruption reformists, and enhanced GOJ capacity to identify and reduce corruption through technical assistance to key GOJ ministries and the Higher Media Council.

Between 2004 – 2009, USAID/Jordan will develop a series of integrated programs to improve the health status of Jordanians, expand relevant educational opportunities for children and youth, and design new programs and activities that promote a greater level of governance in the Kingdom. In partnership with the GOJ, other donors, and other USG agencies, USAID/Jordan will address these important prerequisites for improved social and economic development through a multi-faceted program of activities that enhance the delivery of maternal/child and other primary health care services and information, improve early childhood and school-to-work education, and promote stronger systems of governance.

III. Strategic Objective and Intermediate Results to Achieve the Strategic Objective:

A. The Strategic Objective: The Strategic Objective (SO 09") is to improve social sector development and governance. The SO is supported by three separate Intermediate Results (IRs) in the three sectors of health/population, education, and governance. Each IR is designed to function as a proxy SO.

B. Intermediate Results (IRs) and Sub-results (SRs):

IR 9.1: *Improved health status for all Jordanians*

SR 9.1.1: *Improved quality of and access to health services and information*

SR 9.1.2: *Improved health policies, strategies and systems*

SR 9.1.3: *Improved practice of healthy lifestyles*

IR 9.2: *Improved education and life skills*

SR 9.2.1: *Improved and expanded early childhood education*

SR 9.2.2: *Greater opportunities for youth through expanded work and life skills*

IR 9.3: *Improved governance and expanded civic participation*

SR 9.3.1: *A more efficient and effective legislature*

SR 9.3.2: *Improved transparency*

B. 1: *Health and Population Sector in Jordan:*

The Intermediate Result (IR 9.1) "***Improved Health Status for all Jordanians***" is designed to deliver assistance in three areas (also defined as "Sub-results", or SRs, under USAID's strategic framework system).

The strategic framework was developed by USAID, the MOH and its many local organizational partners working in population and health at the consensus-building workshop held in October 2003 in Amman, Jordan. Under the Intermediate Result *Improved Health Status for all Jordanians*, USAID/Jordan in cooperation with the GOJ over the five-year period (2004 – 2009) will broadly support public-private-NGO sector activities that will contribute to the intermediate result, its three sub-results and the illustrative approaches/activities outlined below.

Sub-result 9.1.1: *Improved Quality of and Access to Health Services and Information:*

The goal of this Sub-result is to expand and institutionalize high quality health care services and information at national and sub-national levels.

Illustrative Approaches/Activities:

- Assist the GOJ in reaching the planned national FP/RH/PHC goals and objectives as required by Jordan Socio Economic Transformation Plan (SETP) and the National Population Strategy and its sub-strategy the Reproductive Health Action Plan (RHAP)
- Expand and improve the quality of and access to FP/RH/PHC services and information at public-private-NGO sector PHC clinics and public sector hospital outpatient clinics
- Reduce fertility rate and improve mother and child health indicators through expansion of birth spacing initiatives, reduction in discontinuation of family planning and establishing safe motherhood practices in public sector hospital obstetric wards
- Expand and sustain quality assurance training/monitoring skills of health providers
- Improve prevention and control of chronic and infectious diseases, including HIV/AIDS, leading to a better quality of life for the poor and disadvantaged
- Improve child health through the introduction of "integrated management of childhood illness (IMCI)" approach
- Strengthen service delivery and related public health systems resulting in sustained improvements in the quality of service
- Physically upgrade the obstetric wards and selected outpatient clinics at public sector hospitals resulting in perceived and actual improved quality of care
- Reduce disparity in provision of PHC through improving PHC services on the national level thus reaching the poor and disadvantaged
- Improve and expand public-private-NGO sector collaboration
- Expand private sector provider networks and strengthen coordination with public and NGO sectors
- Generate demand on FP/RH counseling and clinical services by expanding community outreach activities through local NGOs and organizations.
- Increase modern method CPR and reduced TFR
- Expand the number and variety of modern contraceptive methods available in the Jordanian market
- Achieve contraceptive security by 2009

Sub-result 9.1.2: *Improved health policies, strategies and systems*

The goal of this Sub-result is to expand and improve essential health sector policies, reforms and public health systems. Such reforms will lead to improved quality and efficiency of information and services and reducing disparity in accessing health care for all Jordanians.

Illustrative Approaches/Activities:

- Expand and improve essential health policies, strategies and systems
- Develop a human resource/manpower development plan for the public sector
- Build human capacity leading to established public health systems and dynamic health reform
- Expand GOJ/MOH priority work in health insurance for the poor and uninsured and establish effective contractual links with the private sector
- Expand reforms in hospital decentralization resulting in improved quality and access
- Institutionalize systems for: monitoring quality of care and provider compliance; certification and accreditation of health facilities and health providers; improve non-monetary incentives for service providers; institutionalize continuing medical education; referral and appointments; and routine maintenance and cleaning of health facilities
- Reduce disparity in health care services and costs across socio-economic groups by cost containment and the provision of high quality information and services, especially for the poor and disadvantaged
- Improve selected health indicators
- Institutionalize the disease surveillance system for infectious (including HIV/AIDS/STIs) and chronic diseases within the MOH
- Expand and institutionalize the training for surveillance and data for decision making within local entities to increase efficiency of health care
- Research and correct high risk health behavior for all age groups
- Improve prevention and control of chronic and infectious diseases
- Improve and expand public-private-NGO sector collaboration

Sub-result 9.1.3: *Improved practice of healthy lifestyles*

The goal of this Sub-result is to improve the practice of healthy lifestyles which lead to a health competent Jordan in which communication empowers individuals, families, communities, and institutions with the knowledge, skills, and resources needed to work together to improve and sustain health. The partners will work together to create a health competent Jordan in which communication is used to:

Illustrative Approaches/Activities:

- Develop a national health communication strategy
- Help households understand and work to produce good health at every stage of life
- Create universal access to accurate and consistent health information

- Create demand for services that are integrated, client-centered, and oriented toward continuity of care
- Help community partnerships advocate for and create local environments that support healthy behavior
- Help public-private-NGO sector organizations work together to support health lifestyles
- Coordinate health-related programs so that they are mutually reinforcing;
- Advocate for policies that remove barriers to and motivate concerted efforts toward health improvement
- Institutionalize and sustain dynamic mechanisms and systems of health communication
- Create a role for everyone to play in achieving good health

Other Health/Population Resources that Support Intermediate Result 9.1:

Resources outside this Agreement (and therefore financed with funds neither obligated by this Agreement nor included in the Financial Plan set forth in Section VI of this Annex 1) are being made available, or may in the future be made available, from USAID to achieve Intermediate Result 9.1. Those resources are being provided or will in the future be provided through USAID/Washington's Bureau for Global Health (GH) in Washington, D.C. (USAID/W) under projects and programs administered by them, and are or will be additional to the funds obligated hereunder. These important projects directly support the other projects and activities in the Health and Population portfolio.

The following sets forth a description of the additional resources being provided for Intermediate Result 9.1. from GH in fiscal year 2005 (FY 2005). In FY 2005 support for the following projects/activities includes:

- i. Policy Dialogue and Implementation (replaces POLICY II), \$500,000: Contractor TBD: *This project will continue to provide technical assistance and other relevant support to the Ministry of Health, Higher Population Council, National Council for Family Affairs (NCFA) and other local organizations and NGOs.*
- ii. DELIVER Project, \$100,000: John Snow, Inc. provides technical assistance, services, information, training, research and equipment, training, and contraceptive logistics to the Ministry of Health.
- iii. Central Contraceptive Procurement, Global Health, USAID/W, \$600,000: *provides technical assistance, training, research and contraceptive supplies to the MOH, RMS, UNRWA and NGOs.*
- iv. Implementing AIDS Prevention and Control Activities (IMPACT Project), \$200,000: Family Health International provides technical assistance, services,

information, research, and medical and computer equipment to the Ministry of Health, the National AIDS Committee, the Global Fund for HIV/AIDS, Tb and Malaria and other local organizations and NGOs.

- v. YouthNet Project (HIV/AIDS), \$600,000: Family Health International provides technical assistance, services, information, research, and medical and computer equipment to the Ministry of Health, the National AIDS Committee, the Global Fund for HIV/AIDS, Tb and Malaria and other local organizations and NGOs to improve the reproductive health and HIV behaviors of young people.
- vi. Measure Phase II DHS Project, \$200,000: Macro International, Inc. provides technical assistance, commodities and training support to the Department of Statistics in implementing the Jordan Population and Family Health Survey.

While there can be no assurance, additional resources may be available from USAID/W in the future for the Intermediate Result.

The additional resources described above are only available in the form of goods and services (e.g., technical assistance, services, information, training, research, medical and computer equipment, contraceptives.). While the costs of those resources to USAID are indicated above, the resources are not available to USAID/Jordan or the GOJ in the form of money. Bureau for Global Health (GH) contractors and cooperating agencies have pre-existing contracts/agreements with GH which specify which resources they can and cannot provide, and to the extent that these resources are being or will be provided by USAID/W to the GOJ, the GOJ can utilize these resources to enhance its own programs.

The assistance represented by these resources will only be provided upon USAID/Jordan receiving a request for such assistance from the GOJ. By signing this Agreement, the GOJ hereby acknowledges that it has requested all of the assistance described above and already being provided by USAID. With respect to any assistance not described above which may be provided by USAID in the future for the Intermediate Result, the Minister of Health, or a certified representative of the MOH or GOJ, shall be authorized to make requests for such assistance.

All of the additional resources being made available by USAID to the GOJ, or which may be made available by USAID to the GOJ in the future, for the Intermediate Result, are being or will be made available by USAID to the GOJ on the understanding that all USAID assistance funded there from will be entitled to the privileges and immunities accorded under the agreements entered into in June of 1957 between the Government of the United States and the Government of Jordan governing USAID economic assistance to Jordan. By signing this Agreement, the GOJ acknowledges and agrees to the application of the 1957 agreements to the assistance provided by these resources and to the personnel carrying out that assistance.

B.2. Education Sector in Jordan:

The Intermediate Result (IR 9.2) ***“Improved Education and Life Skills”*** is designed to deliver assistance in two areas (also defined as “Sub-results”, or SRs, under USAID’s strategic framework system).

USAID will assist the GOJ to reform its public education system by supporting programs that help develop curriculum, train teachers, and establish a standards and accreditation system that ensures high quality, consistent, and competitive educational opportunities for Jordan’s children. Apart from support for activities linked to the GOJ’s ambitious ERfKE program, USAID will also provide support for programs that improve life and work skills for youth, specifically in rural and marginalized areas of the Kingdom.

Under this IR, USAID/Jordan in cooperation with the GOJ will broadly support public-private-NGO sector activities over the five-year period (2004 – 2009) that will contribute to the intermediate result and its two sub-results:

Sub-result 9.2.1: *Improved Quality and Expanded Early Childhood Education:*

The goal of this Sub-result which includes three areas – one for early childhood education, one for secondary education, and one for the construction and rehabilitation of schools – is to improve and expand access, quality and relevant education for children and youth. Under the school construction/renovation component of this program, in particular, USAID will pursue a highly collaborative, community-based approach to support the main goals of related activities.

Illustrative Approaches/Activities for Early Childhood Education:

- Improve Early Childhood Education (ECE) Facilities
- Institutionalize ECE curriculum development using “Best Practices”
- Improve training for Jordanian ECE education professionals
- Develop and deploy new ECE accreditation and licensing system

Illustrative Approaches/Activities for Secondary Education:

- Develop ICT- based curriculum for the Management and Information Stream for grades 11 – 12
- Provide training for Management and Information Stream educators

- Improve Teacher Accreditation System for the Management and Information Stream
- Pilot Program on School to Work Transitions for Grades 9 – 12

Illustrative Approaches/Activities for Construction and Rehabilitation of Schools:

- Identify the location of new school sites, using a participative approach that engages local communities;
- Support the construction of new school facilities, using standards that meet or exceed GOJ requirements and take into account community needs;
- Improve existing schools through a program of physical rehabilitation that emphasizes community involvement and innovation

Sub-result 9.2.2: Greater Opportunities for Youth through Expanded Work and Life Skills:

The goal of this Sub-result is to provide the needed training and skills through the NGO sector for unemployed youth to enable them to gain employment in the knowledge economy.

Illustrative Approaches/Activities:

- Contribute to the development and adoption of national youth programs
- Build the capacities of adolescents in leadership, participation and life skills with special attention to women and disadvantaged adolescents
- Provide training opportunities for youth on skills relevant to work market needs
- Provide training opportunities for youth on soft skills and work ethics
- Empower women to influence and benefit from the ICT sector through building their technical and soft skills

Additional activities will be developed by the Mission for 2004 - 2009, to support a number of training interventions which will help to alleviate the problem of unemployed youth. Given His Majesty King Abdullah's emphasis on developing Jordan into a regional hub for communications and information technology, highest priority will be given to programs that prepare youth for jobs in the ICT sector. Special attention will also be given to programs that identify promising females for employment and preparing them for new jobs and opportunities.

B.3. Governance Sector in Jordan:

Intermediate Result 9.3: "Improved Governance and Expanded Civic Participation"

The Intermediate Result (IR 9.3) ***“Improved Governance and Expanded Civic Participation”*** is designed to deliver assistance in two areas (also defined as “Sub-results”, or SRs, under USAID’s strategic framework system).

USAID’s governance and civic participation program will support GOJ’s recent initiatives for political reform through activities to: improve the performance and independence of the court system; increase the participation of civil society in policy decision-making; strengthen the legislative and public policy capacity of parliament; and promote transparent systems of resource allocation and use in selected GOJ bodies. Activities carried out under this IR will: (1) increase citizen participation; (2) expand the role of civil society in public decision-making; (3) nurture avenues for constructive dialogue and communication between decision-makers and the population, so as to provide for a more inclusive, accountable, and responsive system of governance; (4) improve transparency within the GOJ, particularly on issues involving public expenditures; (5) strengthen selected democratic institutions, in particular parliament and the judiciary; (6) provide for a more active and influential role for women in the political sphere; and (7) enhance the independence and professionalism of the media.

Under this IR, USAID/Jordan in cooperation with the GOJ will broadly support public-private-NGO sector activities over the five-year period (2004 – 2009) that will contribute to the intermediate result and its two sub-results:

Sub-result 9.3.1: A More Efficient and Effective Legislature:

The goals of this Sub-result are to advance political reform in Jordan by assisting the GOJ to: (1) strengthen the institutional capacity of parliament as a means of providing a more effective channel through which citizens input can be incorporated into the decision-making process; and (2) develop a more effective and accountable system of governance in Jordan. These interlinked goals rest on two pillars -- legislative strengthening; and improved rule of law and transparency.

Illustrative Objectives:

- Strengthen the legislature’s institutional capacity
- Develop the capacity of the legislature to access policy-relevant research
- Expand public participation into the legislative process
- Improve media access to parliament and press coverage of parliamentary proceedings
- Monitor evolutions in the public image of the legislature

Sub-result 9.3.2: Improved Transparency:

The goal of Sub-result 9.3.2 is to strengthen the rule of law and decrease corruption in

an effort to directly support the broad-based economic reforms initiated by His Majesty and serve as a catalyst for increased foreign investment in Jordan.

Illustrative Approaches/Activities:

- Enhance the capacity of the Ministry of Justice (MOJ) to operate as a driver for judicial upgrade
- Improve judicial independence
- Upgrade judicial performance
- Promote increased court automation
- Strengthen the inspection and monitoring capacity of the MOJ to better oversee the quality and consistency of judgments
- Increase capacity and effectiveness of civil-society organizations, think tanks and the media to advocate for and monitor judicial independence, improved judicial performance, and measures to reduce corruption

IV. Program Approach

This program has been designed to allow flexible selection and modification of activities over time in order to best achieve the strategic objective, intermediate results, and sub-results as identified above. The emphasis under these three sectors is on achievement of agreed-upon results and the sustainability and institutionalization of effort with public-private-NGO sector organizations and entities in Jordan, not simply completion of specific activities. Consequently, activities to be financed under this Agreement, such as grants, contracts, technical assistance, training, commodities and research, have not been specified in detail in the Amplified Description.

Criteria for selection of activities will include GOJ prioritization, customer demand, USAID comparative advantage, previous experience/"lessons learned", sustainability and institutionalization of effort within public-private-NGO organizations or entities, and cost share.

USAID will coordinate with the GOJ and other relevant parties prior to selection of activities for funding, as discussed above and using means appropriate under the circumstances, which can include consultation with the GOJ on the substance of proposed activities, approval of requests, review of grantees/contractors, or other appropriate mechanisms.

USAID will enter into direct grants and contracts to support activities in support of the program. Such agreements will be in accordance with USAID acquisition regulations, USAID Directives/Automated Directives System (ADS), and other applicable laws, regulations and policy.

V. Monitoring and Evaluation

USAID and the GOJ jointly agree to provide resources and information for comprehensive evaluation of progress toward achievement of the Intermediate Results described above, including progress on specific activities as illustrated in Section III. There will be annual "performance audits" based on a range of indicators which measure progress in achieving the Intermediate Results.

A variety of contracting/assistance instruments will be used to perform the activities described above to achieve the Intermediate Results and their sub-results leading to the achievement of the Intermediate Results. Each contractor/grantee agreement will include a performance-monitoring tool to permit USAID and GOJ to evaluate progress towards the goals and objectives of the respective agreement. Contractors/grantees, for example, will submit comprehensive Quarterly Progress Reports (QPR) as a principal monitoring tool. The QPR will list each task to be accomplished under the contract/grant, the schedule for completing each task, the progress towards completing each task (as appropriate for the particular timeframe of the QPR), discuss obstacles that have hindered achievement of the set goals, and propose means of overcoming these obstacles in the future.

A Performance Monitoring Plan and related performance data may be developed and agreed upon further in accordance with Article 2 and Section 7.2 of the Grant Agreement for the Strategic Objective ("SOAG") of which this Annex 1 is an integral part.

Financial audits of the activities will be conducted in accordance with the relevant standard provision contained in Annex 2 of this Agreement.

As determined during the course of implementation of the Agreement, USAID and the GOJ may jointly authorize an external evaluation of the progress and impact of activities leading to realization of the Intermediate Results.

VI. Financial Plan

The Financial Plan, set forth on Attachment 1 to this annex, entitled "Illustrative Strategic Objective Budget", may be revised in accordance with Sections 3.1(c) and 7.2 of the Agreement without formal amendment of this Agreement.

ILLUSTRATIVE STRATEGIC OBJECTIVE BUDGET

(US\$)

SO: Improved Social Sector Development and Governance

INTERMEDIATE RESULT	PROGRAM FUNDING			LIFE OF SO
	PREVIOUS OBLIGATIONS	THIS AMENDMENT	TOTAL	
1. Improved Health Status for All Jordanians	18,700,000	17,786,456	36,486,456	126,000,000
2. Improved Education and Life Skills	4,000,000	28,626,456	32,626,456	28,000,000
3. Improved Governance and Expanded Civic Participation	7,650,000	13,846,456	21,496,456	48,000,000
TOTAL	30,350,000	60,259,368	90,609,368	202,000,000